USDA ReConnect 4: Tips, Tricks, and What You Have to Know

For loan and grant applicants, the USDA Rural Utilities Service has made it as easy as possible to reuse material from previous, unsuccessful applications.

By Steven S. Ross / *Broadband Communities*

The fourth round of the ReConnect Loan and Grant Program starts accepting applications on September 6. On the table is $1.115 billion for rural broadband deployments. The Rural Utilities Service will accept applications at the USDA until November 2 at noon. Nonprofit organizations – primarily tribal entities – are particularly favored.

This is the first round funded by the new infrastructure bill, so the rules have changed. I'll summarize critical issues in this column and offer some new strategies.

In this ReConnect round (ReConnect 4), consortia of deployers are banned. A regional deployment plan or public-private partnership is still possible but only one deployer in the group can apply for funding. Because tribes, municipally owned deployers, nonprofit organizations, mutual associations and co-ops get extra points in the competition for funds, it makes sense that such deployers apply, at least if their financials can pass muster. That's true even if the proposed deployment plan covers all the partners' footprints.

USDA has a spiffy online application portal. Are plans uncertain? Applicants can start multiple applications and populate them online. But an applicant can only finalize one of them. That is, applicants can only press the "submit" button once.

Systems relying on satellites or mobile wireless are not eligible, but fixed wireless systems are acceptable, especially for portions of a network that is otherwise fiber. And leasing a network for cellular backhaul and other purposes in a nondiscriminatory "open-access" way is not only encouraged – it is almost mandatory. Start to convince cellular carriers to finally build access points that combine as many licensed frequencies as possible, even if they must compete for customers!

LOANS VS. GRANTS

If you need funds immediately, you may want to apply for a loan rather than a grant or grant/loan combo. Loan approvals are rolling, but grants and combos will be ranked and awarded only after the round closes. For ReConnect 3, which closed months ago, about half the projects were awaiting approval as **BROADBAND COMMUNITIES** went to press. The downside for loans? It has perversely always been easier to get a federal grant than a federal loan – loan applications are scrutinized much more carefully. (See Table 1 for summary rules and amounts available, and loan interest you may pay.)

Systems that cross into tribal lands are tricky, as detailed later. Two separate builds might be applied for instead. Tribal coordination takes time. Start now if service is being proposed on or crossing tribal land, because a certification from the proper tribal official stating that the tribal authorities support the project and will allow construction to take place on tribal land is required.

You no longer need an equity match in the bank by the time you get the award. USDA will disburse as you build

The ReConnect USDA mapping tool at www.usda.gov/ReConnect includes many eligibility layers, even for areas with pending applications at other agencies.

Table 1: Grant and Loan Provisions

100 Percent Grant	$350 million in total funds; $25 million maximum per project; $35 million maximum per project if the Proposed Funded Service Area (PFSA) meets specific guidelines.	Competitive review based on scoring criteria; 25 percent cash match requirement.
Loan-Grant Combination (50-50)	$250 million in total funds; $25 million maximum for the grant per project; $25 million maximum for the loan per project; loan and grant amounts will always be equal.	Competitive review based on scoring criteria. The interest rate is set at the U.S. Treasury rate at each advance of funds.
100 Percent Loan	$200 million in total funds; $50 million maximum per project	Funds are awarded until exhausted on a first-come, first-served basis. The interest rate is fixed at 2 percent.
100 Percent Grant for Tribal Governments and Socially Vulnerable Communities	$350 million in total funds; $25 million maximum per project; $35 million maximum per project if the PFSA meets specific guidelines. Refer to the FOA for details.	Only available to Tribal Governments or a corporation owned by a Tribal Government proposing service on its lands, OR applications in which 75 percent of the geographic area consists of Socially Vulnerable Communities (available here: www.usda.gov/ReConnect/service-area-map-datasets). Competitive review based on scoring criteria general in the FOA. No cash match requirement.

anyway, and the match can come in as USDA pays.

USDA offers a lot of live help from staff at headquarters and in regional offices, pretty good maps, and more. It would be foolish not to take advantage (see "Finding Help" box below).

OVERLAPPING FEDERAL FUNDING

Areas under consideration for other federal funds are eligible for ReConnect funding as long as an entity has not received final approval to receive additional federal funding to construct terrestrial facilities providing at least 100/20 Mbps service in the Proposed Funded Service Areas (PFSAs) as of September 6, 2022. Nevertheless, applicants proposing to serve such areas must submit a statement explaining why ReConnect funding is being requested and why RUS should provide additional funding. In addition,

---

FINDING HELP

All applicants must have an active and current federal System for Award Management registration, including certifications (complete them at www.sam.gov) and a USDA verified Level II authentication. Of course, application identification requirements include a Tax Identification Number (TIN) and the Unique Entity Identifier (UEI) assigned when registering at www.sam.gov. The UEI, by the way, long ago replaced the DUNS number. Supplying a CAGE code is optional, but you can list it with USDA – many credit and banking references index with it.

- Register for upcoming workshops and webinars: www.usda.gov/ReConnect/events
- Subscribe to receive updates about upcoming events on the ReConnect website: www.usda.gov/ReConnect
- View the funding opportunity for ReConnect 4: www.federalregister.gov/d/2022-16694
- View the full regulation text: www.govinfo.gov/content/pkg/FR-2021-02-26/pdf/2021-03443.pdf. When working inside the application, use the "Contact Us" button on the screen or get to the same contact page at www.usda.gov/ReConnect/contact-us.
- View a list of USDA general field representatives: www.rd.usda.gov/contact-us/telecom-gfr/all

Funding to nonfederal entities (defined in 2 CFR 200.1) is governed by the requirements of Section 70914 of the Build America, Buy America Act (BABA) within the Infrastructure Investment and Jobs Act. Funding to entities that are not nonfederal is governed by the agency's Buy American requirement at 7 CFR 1787.

ReConnect awardees that receive other federal funds and ReConnect financing must submit a statement that ReConnect funds have not and will not be reimbursed by another federal award nor used to reimburse another federal award.

Thus, awardees must keep separate accounts for each funding source to track the uses of the budget to support the certification statement submitted with the ReConnect application.

Service areas of existing RUS borrowers without sufficient broadband access, as defined in the ReConnect 4 funding opportunity notice, still might be eligible for new ReConnect funding. Examples include previously constructed Community Connect and Broadband Initiatives Program (BIP) projects (mainly from the American Recovery and Reinvestment Act of 2009) not offering sufficient broadband access. But be aware that RUS Community Connect grants still under buildout are *not* eligible for ReConnect 4. Nor are areas directly earmarked by Congress or FCC Rural Digital Opportunity Fund Ready to Authorize Areas.

It doesn't sound straightforward, but again, the ReConnect USDA mapping tool at www.usda.gov/ReConnect includes many eligibility layers, even for areas with pending applications at other agencies. One calculation applicants must make for projects across multiple proposed service areas is to add up the populations of all sites and divide them by the total map areas. USDA will not accept a nonweighted average of each

Table 2: Award Points. In general, each category is all or nothing. Applicants get full points if they qualify. The total is 185 points, but because there are some mutual exclusions, the maximum is 175.

25 Points	Rurality of the Proposed Funded Service Area (PFSA) (see mapping tool: www.usda.gov/ReConnect)
25 Points	Level of Existing Service. Proposed projects in areas where at least 50 percent of households in each PFSA are not receiving service of at least 25/3 Mbps.
20 Points	Economic Needs of the Community, based on the county poverty percentage of the PFSA in the application, using the Census Small Area Income and Poverty Estimates (SAIPE) layer in the RUS mapping tool. If 75 percent of the PFSA(s) serve communities with a SAIPE score of 20 percent or higher, 20 points will be awarded. PFSAs for which no SAIPE data exist will count as an average SAIPE of 30 percent.
20 Points	Affordability requires at least one low-cost option at speeds sufficient for a household with multiple users to telework and simultaneously engage in remote learning.
20 Points	Labor Standards. Applicants requesting these points must describe how the project will incorporate the three labor standards and protection categories. "Strong labor standards" are defined as demonstrated or future compliance with labor and employment laws; a plan to recruit and support an appropriately skilled, trained and credentialed workforce (including contractors and subcontractors); and other details in the ReConnect 4 funding opportunity notice.
15 Points	Tribal Governments and tribal wholly-owned entities where at least 75 percent of the geographic area of the PFSA(s) is on tribal lands get 15 points; Alaska Native Corporations and Tribal Governments get 10 points; and nontribal governmental entities elsewhere, if at least 50 percent of the geographic area of the PFSA(s) is on tribal lands, get 10 points.
15 Points	Local governments, nonprofit organizations and cooperatives
15 Points	Socially Vulnerable Communities are identified in the Centers for Disease Control's Social Vulnerability Index with a score of 0.75 or higher.
10 Points	For agreeing to net neutrality. Submit board resolution or equivalent deciding not to block lawful content, applications, services or non-harmful devices, subject to reasonable network management; impair or degrade lawful internet traffic based on content, application or service, or use of a non-harmful device, subject to reasonable network management; and engage in paid prioritization (techniques such as traffic shaping, prioritization, resource reservation, or other forms of preferential traffic management, either in exchange for consideration (monetary or otherwise) from a third party, or to benefit an affiliated entity.
10 Points	Nondiscriminatory wholesale broadband services ("open access"). Include an explanation in the application executive summary.
185 Points total	Due to mutual exclusions, only 175 are possible for any particular applicant.

area's densities. The density calculation will be made on the combined sites as if they were a single area.

Funds substituted for the loan component must be expended first. Loan funds will be advanced second. Grant funds will be advanced third.

New in this round is a requirement for cybersecurity risk management. Applicants must demonstrate, before the signing of the grant award agreement, an effort to consider and address cybersecurity risks consistent with the cybersecurity performance goals for critical infrastructure and control systems directed by the National Security Presidential Memorandum on Improving Cybersecurity for Critical Infrastructure Control Systems (or the current draft of these goals), at www.cisa.gov/control-systems-goals-and-objectives.

To ensure that rural households can take advantage of the Affordable Connectivity Program (ACP) benefit, applicants selected for ReConnect funding will be required to apply to participate in ACP before award funds are disbursed.

Eligible pre-application expenses now include environmental review costs. Pre-application expenditures incurred under the previous round of ReConnect but that benefit from an application for this round may be funded up to five percent of the total award. The total allowable pre-application expense is still 5 percent of the total requested award.

USDA will conduct Service Area Validations on all PFSAs that receive a Public Notice Response (PNR). If an application has 10 PFSAs, but only one PFSA gets at least one PNR, then only one PFSA will be validated. PFSAs that do not receive a PNR will be considered eligible assuming they meet all other eligibility requirements. ❖

Contact the Hawk at steve@ bbcmag.com

DEFINITIONS

Summary definitions are in the table and detailed descriptions are in in the ReConnect regulations, at 7 CFR 1740.2, but pay particular attention to these:

Tribal Governments – Tribal Governments eligible for ReConnect 4 refer to governing bodies of an Indian or Alaska Native tribe, band, nation, pueblo, village or community listed under the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 5130. Eligible "Tribal Land" refers to any area identified by the U.S. Department of Interior as tribal land over which a Tribal Government exercises jurisdiction. A GIS layer of most Tribal Lands can be found on the RUS mapping tool at www.usda.gov/ReConnect. Alaska has an extra set of definitions. Alaska Native Corporations eligible include Alaska Native Regional Corporation or an Alaska Native Village Corporation under the Alaska Native Claims Settlement Act, 43 U.S.C. 1602(g)(j).

Persistent Poverty County – A county with 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses, the 2007–2011 American Community Survey five- to six-year average, or any territory or possession of the U.S. Newly Affluent counties would thus qualify.

System Requirements for Deployers – These are detailed in 7 CFR 1740.3(a)(2). Facilities being proposed must deliver 100 Mbps symmetrical service to every premises in the Proposed Funded Service Area (PFSA). This means that all premises in the PFSA must be able to receive this service once construction is completed (typically, five years maximum).

Eligible Entities – Include for-profit and nonprofit entities, cooperatives and mutual (customer-owned) organizations, states, local governments, or any agency, subdivision, instrumentality, or political subdivision of such governments, territories and U.S. possessions. (Eligible Entities are defined in detail in 7 CFR 1740.9.) To be eligible (see 7 CFR 1740.10), a project application must be complete, specify buildout within five years, show technical feasibility (typically with certification of a professional engineer licensed in at least one of the states the PFSA covers), be fully funded with USDA and other funds committed, and be financially stable long-term.

At least half the households within a PFSA must lack sufficient broadband access. Applicants must identify all existing providers in the PFSA and indicate what level of service they are providing. USDA will treat multiple service areas as separate stand-alones. Still, if any service area in a competitive application does not meet the eligibility requirements, the entire application will be disqualified. The USDA map helps, but some state maps may have more detail on this point.